

EP3 Limited

Directors' report and financial statements
for the year ended 30 June 2008

Registered Number 4281831

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EP3 Limited

Directors' report and financial statements for the year ended 30 June 2008

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EP3 Limited

Directors' report for the year ended 30 June 2008

The directors present their report and the audited financial statements of the company for the year ended 30 June 2008.

Principal activity and business review

The company is engaged in an agreement with the Trustees of the Imperial War Museum to make available the facilities at the main Treasury Building known as The Cabinet War Rooms for a period of 29 years.

Results and dividends

The costs incurred in respect of bid development, design and construction prior to the occupational availability of the Cabinet War Rooms have been accumulated within a finance receivable as the costs are to be recovered over the contract period.

The company produced a profit of £30,000 in the year (£30,000 2007). No dividend is proposed (2007: £nil). The retained profit will be transferred to reserves.

Directors and their interests

The directors who held office during the year and up to the date of signing the financial statements are given below:

R J Watts

T D Anderson (resigned 8 July 2008)

M E Davis (appointed 8 July 2008)

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

EP3 Limited

Directors' report for the year ended 30 June 2008 (continued)

Disclosure of information to auditors

Each director at the date of the approval of the financial statements has confirmed:

- a) that so far as the Director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- b) each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the Board



Director
M E Davis

25 February 2009

EP3 Limited

Independent auditors' report to the members of EP3 Limited

We have audited the financial statements of EP3 Limited for the year ended 30 June 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Accounting Policies and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion


We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Manchester
25 February 2009

EP3 Limited

Profit and loss account for the year ended 30 June 2008

	Notes	2008 £'000	2007 £'000
Revenue		172	163
Administrative expenses		(186)	(180)
Operating loss	1	(14)	(17)
Interest payable and similar charges	2	(379)	(385)
Interest receivable and similar income	3	423	432
Profit on ordinary activities before taxation		30	30
Taxation charge	4	-	-
Profit from ordinary activities after taxation and result for the year	10	30	30

The result for each year relates solely to continuing activities in a single class of business conducted within the United Kingdom.

The company has no recognised gains or losses other than those reported above and therefore no separate statements of total recognised gains and losses have been presented.

There is no material difference between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents.

The notes on pages 8 to 12 form part of these financial statements.

EP3 Limited

Balance sheet as at 30 June 2008

	Notes	2008 £'000	2007 £'000
Current assets			
Debtors: due within one year	5	150	113
Debtors: due after more than one year	5	5,452	5,468
		5,602	5,581
Cash at bank and in hand		125	147
		5,727	5,728
Creditors: amounts falling due within one year	6	(278)	(219)
Net current assets		5,449	5,509
Creditors: amounts falling due after more than one year	7	(5,674)	(5,764)
Net liabilities		(225)	(255)
Capital and reserves			
Called up share capital	8	1	1
Profit and loss account	10	(226)	(256)
Total equity shareholders' deficit	9	(225)	(255)

The financial statements on pages 6 to 12 were approved by the board of directors on 15 February 2009 and signed on its behalf by:


M E Davis
Director

EP3 Limited

Statement of accounting policies

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Taxation

Corporation tax is provided on taxable profits at the applicable rate.

Finance receivable

The costs incurred in respect of bid development, design and construction prior to the occupational availability of the Cabinet War Rooms have been accumulated within a finance receivable in accordance with FRS 5 as the costs are to be recovered over the contract period.

Finance income on the finance receivable is recognised so as to generate a constant rate of return over the contract period.

Finance charges

Costs incurred in raising finance are written off over the period that each respective financial instrument is to remain in place. The directors have determined this to be 29 years for the term loan facility.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax assets are recognised when it is more likely than not they will be recovered. The deferred tax assets and liabilities are not discounted.

Cash flow statement

The company is a wholly owned subsidiary of EP3 Holdings Limited and the results of the company are included within the accounts of that company. Consequently, EP3 Limited is exempt under FRS1 (revised) from publishing a cash flow statement.

Transactions with related parties

The company has taken advantage of the exemption permitted by Financial Reporting Standard 8, 'Related Party Disclosures' not to disclose any transactions with other group companies as it is a subsidiary which has 90 per cent or more of its voting rights controlled within the group and whose ultimate parent prepares consolidated accounts.

EP3 Limited

Notes to the financial statements for the year ended 30 June 2008

1 Operating loss

Operating loss is stated after charging:

	2008 £'000	2007 £'000
Auditors' remuneration	7	7

The directors received no salary, fees or other benefits in the performance of their duties. The company had no employees throughout the year. Management and administrative staffing resources are provided by secondees staff that are employed by the related parties (see note 11).

2 Interest payable and similar charges

	2008 £'000	2007 £'000
Interest payable on loan	365	376
Other charges	14	9
	379	385

Interest payable and similar charges of £365,000 (£376,000 – 2007) relates to interest charges with respect to the borrowings, totalling £5,967,000 (£6,017,000 – 2007), plus the amortisation of loan issue costs of £14,000 (£9,000 – 2007) in accordance with FRS 4.

3 Interest receivable and similar income

	2008 £'000	2007 £'000
Finance income	418	425
Bank interest	5	7
	423	432

EP3 Limited

Notes to the financial statements for the year ended 30 June 2008 (continued)

4 Taxation

	2008 £'000	2007 £'000
Current tax	-	-
Deferred tax	-	-
Total tax charge for the year	-	-

The current tax charge for the year is lower than the standard rate of Corporation tax in the UK. The differences are explained below:

Profit before tax	30	30
UK Corporation tax at 28% (2007: 30%)	8	9
Effects of:		
Allocation against prior year losses	(8)	(9)
Total current tax charge	-	-

At 30 June 2008 the company had a deferred tax asset of £ 834,000 (£377,000 – 2007) in respect of tax losses brought and carried forward and deferred tax liabilities of £721,000 (£327,000 – 2007) in respect of accelerated capital allowances and other timing differences. The overall net deferred tax asset of £ 113,000 (£50,000 – 2007) has not been recognised as it is not considered that it will be recoverable in the foreseeable future.

5 Debtors

	2008 £'000	2007 £'000
Amounts due within one year		
Other debtors	46	7
Finance interest receivable due within one year	104	106
	150	113
Amounts due after more than one year:		
Finance receivable	5,452	5,468
Finance receivable		
Opening balance	5,468	5,468
Finance receivable reimbursed	(434)	(425)
Finance income recognised	418	425
Closing balance	5,452	5,468

EP3 Limited

Notes to the financial statements for the year ended 30 June 2008 (continued)

6 Creditors: amounts falling due within one year

	2008 £'000	2007 £'000
Accruals	183	178
Term loan repayable within one year (note 7)	95	41
	278	219

7 Creditors: amounts falling due after more than one year

	2008 £'000	2007 £'000
Loan facility	5,674	5,764
Repayable within one year	95	41
Repayable between two and five years	451	192
Repayable after five years	5,421	5,784
Total loans outstanding	5,967	6,017
Classified as payable within one year	(95)	(41)
Loan issue costs	(198)	(212)
Total	5,674	5,764

Term loan facility

The term loan facility is scheduled to be repaid by 27 September 2030. Interest charged on the amount drawn under the facility is based on floating LIBOR rate.

The loan is subject to a fixed interest rate swap which results in interest being charged at 5.28%. The market value of the swap at 30 June 2008 was £28,000 in the money (£187,000 – 2007 in the money).

As at 30 June 2008, £5,967,000 (£6,017,000 – 2007) has been drawn under the term loan facility. The total facility is for a maximum of £6.325,000.

The term loan is secured by charges over all the assets of the company.

Loan issue costs

Arrangement fees relating to the issuing of the facility have been offset against the related loan and are being amortised over the duration of the term loan as part of the finance cost, in accordance with FRS 4.

8 Share capital

	2008 £'000	2007 £'000
Authorised		
1,000 ordinary shares of £1 each	1	1
Allotted, called up and fully paid		
1,000 ordinary shares of £1 each	1	1

EP3 Limited

Notes to the financial statements for the year ended 30 June 2008 (continued)

9 Movements in equity shareholders' deficit

	2008 £'000	2007 £'000
Opening equity shareholders' deficit	(255)	(285)
Profit for the year	30	30
Closing equity shareholders' deficit	(225)	(255)

10 Reserves

	2008 £'000
As at 1 July 2007	(256)
Profit for the year	30
As at 30 June 2008	(226)

11 Related party disclosures.

The following companies, together with undertakings within their individual groups of companies, are considered to be related parties to the company, as defined in FRS 8.

Bovis Lend Lease Holdings Limited to 3 July 2007
Catalyst Lend Lease Holdings Limited from 3 July 2007
Stanhope plc

The company has taken advantage of the exemption permitted by Financial Reporting Standard 8, 'Related Party Disclosures' not to disclose any transactions with other group companies as it is a subsidiary which has 90 per cent or more of its voting rights controlled within the group and whose ultimate parent prepares consolidated accounts.

12 Parent undertaking and ultimate controlling party

The company is a wholly owned subsidiary of EP3 Holdings Limited, a company that is incorporated in England and Wales.

On 3 July 2007, Bovis Lend Lease Holdings Limited transferred its shares in EP3 Holdings Limited to Catalyst Lend Lease Holdings Limited. In the opinion of the directors, the ultimate controlling party at 30 June 2008 comprised Catalyst Lend Lease Holdings Limited and Stanhope plc acting together.